


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-542-C - ORDER NO. 2001-162
FEBRUARY 22, 2001

IN RE: Application of 3rdWire, Inc. for a Certificate) ORDER GRANTING
of Public Convenience and Necessity to) CERTIFICATE FOR
Provide Local Exchange and Interexchange) LOCAL AND
Telecommunications Services in the State of) INTEREXCHANGE
South Carolina and for Alternative Regulation) AUTHORITY AND FOR
and Flexible Regulation.) ALTERNATIVE AND
) FLEXIBLE REGULATION



This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of 3rdWire, Incorporated ("3rdWire" or the "Company") for authority to provide intrastate local exchange, exchange access, and interexchange telecommunications services within the State of South Carolina. The Company requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. In addition, the Company requests that the Commission regulate its business services offerings under the identical regulatory treatment granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 1999) and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed 3rdWire to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the

Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC") on December 5, 2000.

On January 30, 2001, counsel for SCTC filed with the Commission a Stipulation in which 3rdWire stipulated that it would seek authority only in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until 3rdWire provided written notice of its intent prior to the date of the intended service. The Company also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. 3rdWire agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on February 13, 2001, at 2:30 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. 3rdWire was represented by John J. Pringle, Jr., Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff. Robert Dundon, Senior Vice President of Business Development for 3rdWire, appeared and testified in support of the Application. Andreas J. Corley, Auditor III, and David

S. Lacoste, Engineer (Associate) in Telecommunications, testified on behalf of the Commission Staff.

According to the record, 3rdWire is a Delaware corporation incorporated on April 7, 2000. 3rdWire has company headquarters in Wayne, Pennsylvania. 3rdWire has received authority from the South Carolina Secretary of State to transact business within the State of South Carolina. In providing services in South Carolina, 3rdWire intends to offer a full range of local exchange, exchange access, interexchange (including interLATA and intraLATA) and switched and special access telecommunications services throughout the State of South Carolina. 3rdWire intends to provide a wide array of communications services, including traditional local exchange "voice" services, data communications services, LAN networking services, Internet, web hosting, email management and e-commerce services, and video conferencing services. 3rdWire intends to offer these telecommunications services through the use of its own switching facilities, combined with facilities leased from incumbent local exchange carriers (ILECs) or other facilities-based carriers, resold services and through a combination of these provisioning approaches.

Mr. Dundon opined that 3rdWire possesses the financial, technical, and managerial resources to provide telecommunications services in the State of South Carolina. He said the management team of 3rdWire has extensive management and technical experience in the telecommunications industry, with over two hundred years of collective experience. He further stated the Company will seek to recruit and retain additional technical, operational and sales personnel with experience in the local exchange and long distance businesses. As Senior Vice President, Business Development, and a co-founder of 3rdWire in April of 2000, Mr. Dundon

testified that he has more than thirty years of sales, marketing and operational experience, with over twenty years in local, long distance and international telecommunications services and networks. At 3rdWire, he is responsible for the sales and marketing plans as well as initial phases of network development. He joined 3rdWire from Metromedia Fiber Network. The record reveals that Bob Schena is the Chief Executive Officer and President of 3rdWire. Prior to founding 3rdWire, Mr. Schena had co-founded two other telecommunications companies. His experience includes the negotiation and commercial launch of a \$100 million network of broadband fiber-to-the-curb architecture. The record further reveals that Kevin E. Mullin, also a co-founder of 3rdWire in April of 2000, is Executive Vice President. Frank L. Pento is Senior Vice President, Operations. He is responsible for the engineering, construction, surveillance and maintenance of 3rdWire's national network. Chris R. Healy is Vice President of Products and Services for 3rdWire.

Mr. Dundon's testimony reveals that 3rdWire is certificated in the states of Pennsylvania and North Carolina and has applications for authorization pending in the following states: Arkansas, Indiana, Kansas, Kentucky, Mississippi, Missouri, New Jersey, and Tennessee. He said that 3rdWire is not yet providing services in any state. Mr. Dundon testified that 3rdWire is an ESP (ethernet service provider), an IUP (infrastructure utility provisioner), and a DLEC (data local exchange carrier). He said 3rdWire initially will offer Internet access through a dedicated pipe from the customer to 3rdWire by the use of the LAN (local area network) technology called ethernet. He said ethernet is a cost-cutting technology that has been around for almost thirty years that enables companies to connect their computer systems by connecting multiple buildings of the same companies within a city, or by connecting companies from city to city by providing a

data channel to an end user. He explained that the companies typically have a high bandwidth internally, and the ethernet technology provided by 3rdWire allows them to connect to companies like AT&T Communications and Qwest who have a lot of bandwidth across the country. Mr. Dundon testified that 3rdWire's business plan includes the objective to build four or five cities in a group, fully fund that project, and then allow it to be a stand alone group with the ability to function independently.

With regard to 3rdWire's financial ability to operate as a telecommunications carrier, Mr. Dundon states that 3rdWire is a newly formed entity that has raised sufficient capital to deploy facilities and provide services in South Carolina and in other markets. He further said that 3rdWire has raised over \$6 M from private and institutional investors and now has a little over \$3 M in the bank. He said that 3rdWire has entered into another venture capital round that will net between \$20 and \$30 M by the end of March of 2001. Mr. Dundon testified that 3rdWire is a stand alone entity, has no debt, and has access to approximately a billion dollars in assets.

Mr. Dundon stated that 3rdWire will provide its services primarily to business customers in South Carolina but is also hoping to design networks that will provide service to multiple dwelling units, as well as large residential subdivisions where builders construct infrastructure and fiber to the curb. He said 3rdWire would then connect with that contractor's infrastructure to provision its services. Specifically, Mr. Dundon said 3rdWire's target market in South Carolina is the bottom of tier one and the top of tier two markets, defined roughly as cities that have a population between 400,000 and two million with a positive growth rate. Mr. Dundon testified that Charleston, Greenville and Columbia are the South Carolina cities that 3rdWire has identified as potential markets in the foreseeable future.

Mr. Dundon said the Company's marketing strategy includes three fundamental plans. The first approach is to employ a direct sales force in each city that 3rdWire plans to service. The employees will be trained by 3rdWire, will have to have a minimum of five years experience in the telecommunications industry, and will have support from a sales engineer who will provide technical perspective. He said the second phase will be agency through LAN/WAN integrators and value added resellers who work with small and medium-sized businesses that require the connectivity of their computers. Mr. Dundon said the third marketing plan will be the use of more traditional marketing channels such as trade magazines, seminars for user groups and town meetings in each city where the Company plans to provide services.

The record reveals 3rdWire will initially use outside vendors to bill customers for its services on a monthly basis. Mr. Dundon said 3rdWire will eventually bring the billing function in-house. He further said that 3rdWire does not utilize telemarketing in the marketing of its services but is aware of the Commission's marketing guidelines. Customer inquiries or complaints are handled through 3rdWire's customer service division which has offices employing fifteen people in Eatontown, New Jersey. Access to customer service representatives is via a toll-free telephone number, 1-866-373-9473. The toll-free number is available twenty-four hours a day, seven days a week.

Mr. Dundon asserts that 3rdWire will operate in compliance with all applicable statutes, regulations, and Commission orders. Further, Mr. Dundon assured the Commission that 3rdWire's service will meet applicable service standards and that 3rdWire will support universally available telephone service at affordable prices. Further, Mr. Dundon offered that approval of 3rdWire's Application serves the public interest by increasing telecommunications

competition in South Carolina thereby bringing about lower rates, improved quality of service, and enhanced services. Moreover, the presence of 3rdWire in the market will increase incentives for the ILEC's to reduce their prices, offer more innovative services, and improve their quality of service thereby benefiting all consumers in South Carolina. Mr. Dundon also offered that approval of 3rdWire's Application would not adversely impact the availability of affordable local service because approval of the Application should enhance competition in South Carolina which, in turn, should increase downward pressures on rates as well as enhance product and service quality and diversity.

Finally, Mr. Dundon discussed 3rdWire's requests for certain waivers of Commission regulations and for relaxed regulatory treatment. 3rdWire requests that the Commission regulate its interexchange business services, consumer card, and operator service offerings in accordance with the principles and procedures established by Orders No. 95-1734 and 96-55 in Docket No. 1995-661-C. In addition, the Company requests that the Commission regulate its local exchange telecommunications services under the flexible regulatory treatment approved by Order No. 1998-165 in Docket No. 1997-467-C. 3rdWire asks that it be exempt from any rules or regulations that would require it to keep its financial records in conformance with the Uniform System of Accounts. 3rdWire seeks to maintain its books of accounts in accordance with the Generally Accepted Accounting Principles. Additionally, the Company seeks a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 & Supp. 1999) so that it will not be required to publish local exchange directories. 3rdWire will contract with at least one incumbent local exchange carrier for the inclusion of 3rdWire's CLEC data base into the master customer data base of the local exchange carrier. The Company also seeks waiver of 26 S.C. Code Ann. Regs. 103-610 (1976 &

Supp. 1999) so that 3rdWire can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Wayne, Pennsylvania.

Mr. Corley testified as to his findings of the Audit Department's review of 3rdWire's financial statements that were submitted as part of the Company's Application. Mr. Corley reviewed the financial statements of 3rdWire, Inc. dated August 31, 2000. According to Mr. Corley, the financial statements indicated a financially strong company. The August 31, 2000, financial statements revealed that cash made up 95% of the total assets and the Company had no long-term debt. Those financial statements also revealed that 3rdWire, as of August 31, 2000, had a strong 24.88 current ratio which means the Company had more than enough current assets to meet all of the current liabilities at the date of the balance sheet. Mr. Corley opined that based on the financial statements filed, 3rdWire appears to be a financially strong company that is in a position to fund any operations in South Carolina.

Mr. Lacoste presented testimony to the Commission on the findings of the Utilities Department with respect to 3rdWire's Application for a Certificate of Public Convenience and Necessity. According to Mr. Lacoste, 3rdWire seeks authority to offer competitive local exchange, exchange access and interexchange (IXC) long distance telecommunications services within South Carolina. Additionally, Mr. Lacoste testified that 3rdWire seeks to have its local telecommunications services regulated in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. Also 3rdWire requests that the Commission regulate 3rdWire's long distance business service offerings, including consumer card and operator service offerings in accordance with the principles and procedures established by Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Mr. Lacoste stated that the Staff did not oppose waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 1999) concerning the publication of local directories or waiver of application of 26 S.C. Code Ann. Regs. 103-610 (1976) which requires that all records be kept within the State of South Carolina or the grant of permission to maintain books and records in conformance with Generally Accepted Accounting Principles (GAAP) rather than the Uniform System of Accounts (USOA).

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. 3rdWire is a limited liability company organized under the laws of the State of Delaware and is authorized to do business in the State of South Carolina by the Secretary of State.
2. 3rdWire is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.
3. 3rdWire has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 1999).
4. The Commission finds that 3rdWire's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).
5. The Commission finds that 3rdWire will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 1999).

6. The Commission finds that 3rdWire will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by 3rdWire “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to 3rdWire to provide competitive intrastate local exchange service in the service area of incumbent local exchange carrier BellSouth Telecommunications, Inc. The terms of the Stipulation between 3rdWire and SCTC are approved, and adopted as a part of this Order. Therefore, any proposal to provide local telecommunications service to rural service areas is subject to the terms of the Stipulation. In addition, 3rdWire is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. 3rdWire shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. 3rdWire’s local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible

regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C.

Specifically, the Commission adopts for 3rdWire's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, 3rdWire's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. The Commission adopts a rate design for the long distance services of 3rdWire which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of 3rdWire, including consumer card services and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to 3rdWire also.

4. With regard to the residential interexchange service offerings of 3rdWire, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. With regard to residential interexchange service rates, 3rdWire shall not adjust its residential interexchange service rates below the approved maximum level without notice to the Commission and to the public. 3rdWire shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, 3rdWire shall file its revised long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. 3rdWire is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. 3rdWire shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If 3rdWire changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, 3rdWire shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. 3rdWire shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The annual report and the gross receipt filings will necessitate the filing of intrastate information. Therefore, 3rdWire shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at www.psc.state.sc.us/forms/default.htm. The two page form the Company shall use to file this

information is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunications companies requires the filing of intrastate revenues and intrastate expenses.

12. In addition, 3rdWire is required to file annual report information for competitive local exchange carriers. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at www.psc.state.sc.us/forms/default.htm. This form is entitled "Annual Report for Competitive Local Exchange Carriers" and consists of four pages. Additionally, 3rdWire shall file with the Commission a quarterly report entitled "CLEC Service Quality Quarterly Report." The proper form for this report is found on the Commission's website at www.psc.state.sc.us/forms/default.htm.

13. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

3rdWire shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to file this authorized utility representative information can be found at the Commission's website at www.psc.state.sc.us/forms. This form is entitled "Authorized Utility Representative Information." Further, the Company shall promptly notify the Commission in

writing if the representatives are replaced. 3rdWire shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 1999).

14. 3rdWire shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

15. By its Application, 3rdWire requested a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 1999). In lieu of publishing local directories, 3rdWire informs the Commission that it will contract with the incumbent LECs to provide 3rdWire's customers with directory listings, as well as to undertake the distribution of directories. The Commission finds 3rdWire's request reasonable and grants the requested waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 1999). Further, 3rdWire is granted a waiver of 26 S.C. Regs. 103-610(1976 and Supp. 1999) requiring the Company to maintain its financial books and records within the State of South Carolina. 3rdWire is hereby granted permission to maintain its financial books and records at its principal headquarters in Wayne, Pennsylvania, provided 3rdWire makes the records available for examination by the Commission upon reasonable request. Further, the Commission acknowledges that 3rdWire will maintain its financial books and records in conformance with GAAP. 3rdWire is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

16. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system

include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs 3rdWire to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, 3rdWire shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

filed 1/30/01

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-542-C

Re: Application of 3rdWire, Inc. for a Certificate)
of Public Convenience and Necessity to Provide)
Local Exchange, Exchange Access, and)
Interexchange Telecommunications Services)
in the State of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and 3rdWire, Inc. ("3rdWire") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose 3rdWire' Application. SCTC and 3rdWire stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to 3rdWire, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. 3rdWire stipulates and agrees that any Certificate which may be granted will authorize 3rdWire to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. 3rdWire stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. 3rdWire stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until 3rdWire provides such rural incumbent LEC and the Commission with written notice of its

intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, 3rdWire acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. 3rdWire stipulates and agrees that, if 3rdWire gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then 3rdWire will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. 3rdWire acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

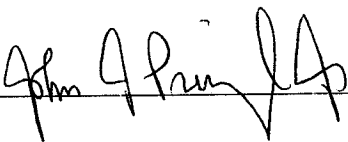
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and 3rdWire, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. 3rdWire agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

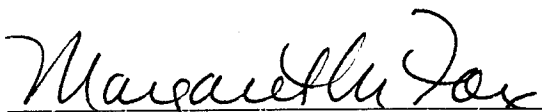
9. 3rdWire hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 27th day of January, 2000.

3rdWire, Inc.:



South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

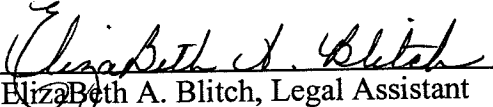
Docket No. 2000-542-C

Re: Application of 3rdWire, Inc. for a Certificate)
of Public Convenience and Necessity to Provide)
Local Exchange, Exchange Access, and)
Interexchange Telecommunications Services)
in the State of South Carolina)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

John J. Pringle, Jr., Esquire
Beach Law Firm, P.A.
Post Office Box 11547
Columbia, South Carolina 29211-1547


ElizaBeth A. Blitch, Legal Assistant
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

January 30, 2001

Columbia, South Carolina